

STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION — DIVISION OF FINANCIAL ASSISTANCE
OCTOBER 11, 2006

ITEM 4

SUBJECT

CONSIDERATION OF A RESOLUTION APPROVING PROJECTS, AND AUTHORIZING ISSUANCE OF GRANTS FOR THE AGRICULTURAL WATER QUALITY GRANT PROGRAM (AWQGP) ADMINISTERED THROUGH THE 2005-06 CONSOLIDATED GRANTS PROGRAM

DISCUSSION

I. 2005-06 Consolidated Grants Program

In response to stakeholders' requests to integrate and coordinate related grant programs, State Water Resources Control Board (State Water Board) staff consolidated and made available approximately \$146.15 million from six interrelated grant programs administered by the State Water Board's Division of Financial Assistance (Division). Consolidation allowed staff to identify the appropriate grant program(s) for the multitude of project types, reduce application efforts, and better integrate State Water Board program goals with those of our partner agencies. These programs are funded from Proposition 40, Proposition 50, and federal appropriations. The six consolidated programs are as follows:

- 1) Coastal Nonpoint Source Pollution Control Program (CNPSPCP) (*Proposition 50, Chapter 5*) - \$43.1 million
- 2) Integrated Watershed Management Program (IWMP) (*Proposition 40, Chapter 4*) - \$47.5 million
- 3) Nonpoint Source Pollution Control Program (NPSPCP) (*Proposition 40, Chapter 4*) - \$19 million
- 4) Nonpoint Source Pollution (NPS) Implementation Program (*Federal Clean Water Act [CWA], Section 319 [h]*) - \$4.1 million
- 5) Agricultural Water Quality Grant Program (AWQGP) (*Propositions 40 and 50, Chapters 4 and 5*) - \$18.4 million
- 6) Urban Stormwater Program (USWP) (*Proposition 40, Chapter 4*) - \$14.25 million

The State Water Board approved the issuance of grants to implement the Ocean Protection Projects (OPPs), a subset of the Proposition 50 CNPSPCP, in June 2006 and the Recommended Funding Lists for the IWMP, NPSPCP, USWP, and NPS Implementation (319[h]) Program projects were approved by the State Water Board in September, 2006. The group of projects presented for approval in this item is for the AWQGP.

II. Guidelines, Grant Application, and the Review and Selection Process

A. Guidelines

State Water Board staff, along with staff from the Regional Water Quality Control Boards (Regional Water Boards), Department of Food and Agriculture, and other partner agencies worked together to develop the *2005-06 Consolidated Grant Program Guidelines* (Guidelines), which include a list of priorities for the grant funds. The State Water Board considered input from a broad spectrum of stakeholders and the public regarding the development and implementation of the 2005-06 Consolidated Grants Program through public scoping and draft

Guidelines workshops, associated meetings, and the State Water Board website. The Guidelines were adopted by the State Water Board on January 4, 2006, and establish the evaluation criteria and the review and selection process for the 2005-06 Consolidated Grants Program's two-step process.

B. Grant Application Process

The submittal of grant applications through the web-based Financial Assistance Application Submittal Tool (FAAST) consisted of two steps. In January 2006, the State Water Board released a Solicitation Notice for Concept Proposals. By the February 9, 2006, submittal deadline, the State Water Board received more than 470 Concept Proposals for the six grant programs. On April 5, 2006, the State Water Board invited applicants to submit Full Proposals for 33 AWQGP projects totaling \$23,665,447 in grant fund requests.

C. Review and Selection Process

The Concept Proposals and Full Proposals were reviewed, scored, and evaluated by technical reviewers using FAAST. Each proposal received multiple independent technical reviews, in accordance with the Guidelines. Full Proposal technical review teams consisted of staff from the State Water Board, Regional Water Boards, United States Environmental Protection Agency (USEPA), Resources Agency, Department of Food and Agriculture, and other partner agencies.

The Selection Panel for the AWQGP proposals consisted of management staff from the State Water Board, the Department of Food and Agriculture, the Department of Pesticide Regulation, and USEPA. The Selection Panel convened and developed funding recommendations for AWQGP projects, which are presented in this Agenda Item as Exhibit 1.

D. Recommended Funding List

The projects in Exhibit 1 are listed in order of their funding preference. The projects recommended for funding represent the most competitive proposals that address the criteria adopted in the Guidelines, including providing a water quality and/or environmental benefit, demonstrating technical merit, addressing State Water Board and partner agency priorities, and providing adequate information for grant agreement preparation. Non-responsiveness to executing grant agreements has been an issue with a handful of past grant recipients. In several cases, non-responsiveness has resulted in grant funds being left unused for a substantial and unwarranted amount of time and has caused the termination of grant agreements. For this reason, the Guidelines state that lack of responsiveness prior to finalizing and executing a grant agreement may result in withdrawal of the grant award. If grant awards are withdrawn or projects are terminated, the funds will be made available to other eligible AWQGP proposals at a later date.

E. Alternate Reporting Requirements

The Guidelines detail alternate reporting requirements (ARR) that may be used for specified agricultural management practice effectiveness research and demonstration projects. The alternate reporting requirements are necessary and appropriate for specified projects because the State Water Board wants to encourage voluntary participation in these field trials. Under the alternate requirements, locations of certain management practices and effectiveness sampling will be reported in formats that protect sensitive landowner information. Additionally, field data generated during implementation of approved projects do not have to be reported in formats that allow integration into statewide data systems. This exception does not apply to ambient water quality data collected on these projects. Approved projects will be required to meet the ARR outlined in Appendix J of the Guidelines.

Only the State Water Board, or its designee, is authorized to approve projects for use of the ARR. Projects recommended for ARRs are designated on the Recommended Funding List.

III. Agricultural Water Quality Grant Program (AWQGP)

The State Water Board was appropriated \$11.4 million from the *California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002* (Proposition 40) and \$29.5 million from the *Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002* (Proposition 50). The purpose of the AWQGP is to fund projects to improve agricultural water quality through monitoring, demonstration projects, research, construction of agricultural drainage improvements, and to reduce pollutants in agricultural drainage water through reuse, integrated management, or treatment. The State Water Board conducted a previous solicitation and award for AWQGP projects. Approximately \$17.5 million of the remaining funds are being awarded through the 2005-06 Consolidated Grants Program. Any unused AWQGP funds will be offered in a future solicitation.

IV. Appropriations and Grant Program Fund Balances

Proposition 40 funds were appropriated to the State Water Board in September 2002 (Chapter 727, Statutes of 2002) and are available for encumbrance until December 31, 2006. Proposition 50 funds were appropriated to the State Water Board in the 2005-06 Budget Act and are available for encumbrance until June 30, 2008. As projects close out or are terminated with unspent balances, additional funds may become available. Staff will request new appropriations and the funds will be used for additional AWQGP projects at a later date.

Table 1, below, shows the fund appropriations for the Proposition 40 and Proposition 50 AWQGP. Projects will be awarded funding in the order shown on the list.

Table 1: Grant Program Fund Balances

PROGRAM	FUNDING
Proposition 40 AWQGP	\$8,900,117
Proposition 50 AWQGP	\$9,513,912
AWQGP Total:	\$18,414,029

POLICY ISSUE

Should the State Water Board adopt a resolution to:

1. Approve the funding for projects on the Recommended Funding List for the AWQGP, as part of the 2005-06 Consolidated Grants Program;
2. Authorize the issuance of grants and amendments to implement the projects; and
3. Authorize the Deputy Director (formerly known as Chief) of the Division to withdraw grant agreements if applicants are non-responsive?

FISCAL IMPACT

Local assistance appropriations authorized for Propositions 40 and 50 are sufficient to fund the recommended Projects.

REGIONAL WATER BOARD IMPACT

Yes. Regional Water Boards 1, 2, 3, 4, 5, 7, 8, and 9.

STAFF RECOMMENDATION

That the State Water Board adopt a resolution to:

1. Approve the funding for projects on the Recommended Funding List for the AWQGP, as part of the 2005-06 Consolidated Grants Program;
2. Authorize the issuance of grants and amendments to implement the projects; and
3. Authorize the Deputy Director (formerly known as Chief) of the Division to withdraw grant agreements if applicants are non-responsive.

**STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 2006-**

**APPROVING PROJECTS AND AUTHORIZING ISSUANCE OF GRANTS FOR THE
AGRICULTURAL WATER QUALITY GRANT PROGRAM (AWQGP) ADMINISTERED
THROUGH THE 2005-06 CONSOLIDATED GRANTS PROGRAM**

WHEREAS:

1. In March 2002, the voters approved the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40). Approximately \$175 million from Proposition 40 was appropriated to the State Water Resources Control Board (State Water Board) to administer through eight different programs, including the AWQGP (\$8.9 million);
2. In November 2002, the voters approved the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50). Approximately \$100 million from Proposition 50, Chapter 5, Section 79540(a) was appropriated to the State Water Board to administer through four different programs, including the AWQGP (\$29.5 million);
3. The State Water Board conducted an initial solicitation and awarded AWQGP funds in 2005. The State Water Board did not award all of the available funds to projects;
4. The State Water Board adopted the 2005-06 Consolidated Grants Program Guidelines (Guidelines) establishing the evaluation criteria and the review and selection process for the 2005-06 Consolidated Grants Program's two-step process and identifying partner agency priorities. The 2005-06 Consolidated Grants Program includes the remaining AWQGP funds;
5. The State Water Board released the Concept Proposal Solicitation Notice in January 2006, soliciting project proposals for six interrelated grant programs from Proposition 40, Proposition 50, and federal Clean Water Act Section 319(h);
6. The State Water Board released the Full Proposal Solicitation Notice in April 2006, soliciting Full Proposals from the most competitive Concept Proposal applicants;
7. Consistent with the Guidelines, the Full Proposals were reviewed for technical merit by technical review teams consisting of staff from the State Water Board, Regional Water Quality Control Boards, United States Environmental Protection Agency, Resources Agency, Department of Food and Agriculture, and other partner agencies. The projects recommended for funding represent the most competitive proposals;
8. Consistent with the Guidelines, projects requesting alternate reporting requirements (ARR) were evaluated to determine whether ARR were appropriate. Projects recommended for ARR, as outlined in the Guidelines, are designated on the funding list;
9. The Recommended Funding List for the Proposition 40 and Proposition 50 AWQGP was prepared by State Water Board staff, with input from the technical review teams, and forwarded to the Selection Panel for review and recommendation in accordance with the process outlined in the Guidelines;
10. The Selection Panel recommends funding the projects presented on the Recommended Funding List, which were determined to best address the priorities identified in the Guidelines, and result in projects related to improving agricultural water quality; and
11. The Guidelines allow withdrawal of the grant awards to non-responsive applicants.

THEREFORE BE IT RESOLVED THAT THE STATE WATER BOARD

1. Approves the funding for projects on the Recommended Funding List from the AWQGP;
2. Authorizes the issuance of grants and amendments to implement the projects; and
3. Authorizes the Deputy Director (formerly known as Chief) of the Division of Financial Assistance (Division) to withdraw grant awards if applicants are non-responsive.

CERTIFICATION

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on October 11, 2006.

Song Her
Clerk to the Board

Exhibit 1
2005-06 Consolidated Grants Program:
Propositions 40 and 50 Agricultural Water Quality Grant Program (AWQGP) Projects *
Recommended Funding List

PIN	PROPOSAL TITLE	REGION	FUNDING AMOUNT	TOTAL
9012	Implementation Projects on Livestock Facilities to Reduce Nutrient, Sediment & Pathogen Pollution	3	\$999,900	\$999,900
9314	Rutherford - Napa River Restoration Project	2	\$1,000,000	\$1,999,900
9300	An Integrated, Regional Dairy Management Plan with BMP Implementation in the San Jacinto Watershed	8	\$739,069	\$2,738,969
9531	Strategy for Resolving MeHg and Low Dissolved Oxygen events in northern Suisun Marsh	2	\$795,000	\$3,533,969
8978	Permit Coordination & Agricultural Water Quality Implementation Program in the Pajaro Watershed	3	\$999,660	\$4,533,629
8939**	Demonstrating Compatibility of Water Quality & Food Safety, through Research and Implementation	3	\$1,000,000	\$5,533,629
9374	Salton Sea Ecosystem Monitoring	7	\$810,000	\$6,343,629
9492	TMDL Agricultural Operator Voluntary Program for the San Jacinto Watershed	8	\$273,000	\$6,616,629
9234	Implementation of Water Quality BMPs for Sacramento-San Joaquin Delta Rice Production	5	\$999,981	\$7,616,610
9161	Reducing unexplained toxicity to protect sediment quality associated with irrigated agriculture	5	\$532,000	\$8,148,610
8925	Fish Friendly Farming Program Agricultural Clean Water Implementation	1 & 2	\$750,000	\$8,898,610
9399	Hedrick Ranch Nature Area Wetland and Riparian Restoration	4	\$605,456	\$9,504,066
9176	BMPs for reducing sediment and pesticides in runoff from Colusa County almond orchards	5	\$1,000,000	\$10,504,066
8853	Westside Regional Drainage Plan - Distribution Facilities Improvements Component	5	\$1,000,000	\$11,504,066
9308	Nutrient Reduction & Monitoring in Santa Margarita Watershed	9	\$600,000	\$12,104,066
9395	Methylmercury cycling and export from agricultural and natural wetlands in the Yolo Bypass	5	\$999,881	\$13,103,947
8986	Shasta River Tailwater Reduction: Demonstration and Implementation Project	1	\$735,490	\$13,839,437
8850	Selby Creek Stream Habitat Restoration and Riparian Revegetation Project	2	\$475,000	\$14,314,437
8952	Implementing IPM/BMPs to Reduce OP and Pyrethroid Runoff in Agricultural Land, San Joaquin Watershed	5	\$744,175	\$15,058,612
9445	Orange County Nurseries Water Quality Improvement Project	8	\$372,000	\$15,430,612
9243**	Research and Implementation of BMPs to Protect Water Quality from Central Coast Vineyards	3	\$680,000	\$16,110,612
9123	WURD Water Quality Improvement Projects for the Central Valley	5	\$999,997	\$17,110,609
9435	Transport Processes of Pyrethroid Insecticides in Streams and Rivers of the San Joaquin Basin	5	\$400,000	\$17,510,609

\$17,510,609

* Applicants must address technical reviewer comments during the development of their grant agreement.

** Alternate Reporting Requirements approved.

PINs NOT recommended for funding do not appear on this list.

For PIN 8853, if the applicant accepts the AWQGP grant funds, the applicant cannot receive more than an additional \$4 million from the 2005-06 Consolidated Grants Program.